



In 2006, the logistics sector provided about 620,000 jobs, or one in twelve jobs in the region.

# The Economy

## Employment

### Total Employment

#### Why is this important?

The number, types and wage level of employment in large part determine our region's economic activities and well-being. Income generated through employment accounts for about 70 percent of the total personal income in the region.<sup>1</sup>

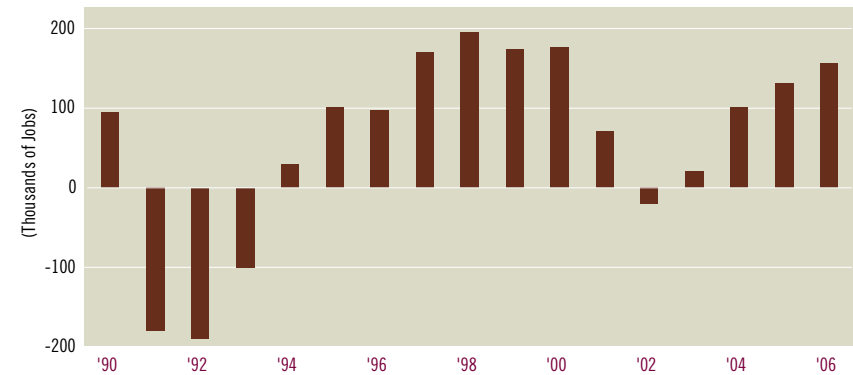
#### How are we doing?

*In 2006, despite a weakening housing sector, the region's job market continued to show a broad-based expansion over the previous year (Figure 11). After gaining about 131,000 jobs (or 1.9 percent) in 2005, total wage and salary jobs in the region grew by more than 156,000 (2.2 percent) during 2006. The increase in 2006 was the highest since 2000 in terms of number of jobs as well as rate of growth.*



**Figure 11**

#### Wage and Salary Employment (Change from Previous Year)



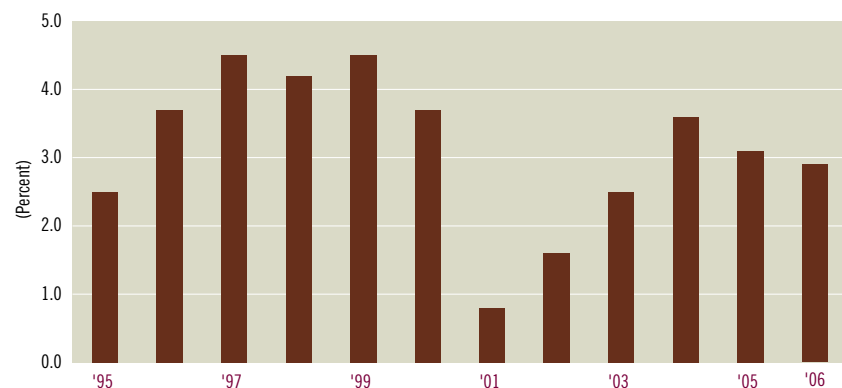
Source: California Employment Development Department

The year 2006 was also the third consecutive year since 2000 that job gains took place at the national level. Since the end of 2001, growth of the real gross domestic product (GDP) has been recovering. After dropping from 3.7 percent in 2000 to 0.8 percent in 2001 due to the recession, real GDP increased at an accelerated pace from 1.6 percent in 2002 to 3.6 percent in 2004 then slowing somewhat to 3.1 percent in 2005. During 2006, GDP growth further moderated to 2.9 percent, just below the 3-percent average generally during an economic expansion period (Figure 12).



**Figure 12**

**Real Gross Domestic Product (GDP), U.S.**  
(Percent Change from Previous Year)



Source: U.S. Bureau of Economic Analysis

Between 2005 and 2006, gasoline prices surged almost 25 percent. An increase in energy prices slows economic growth in the short run primarily through its effects on spending, or aggregate demand. Because the United States imports most of its oil, an increase in oil price will lead to reductions in domestic spending. At the same time that higher oil prices slow economic growth, they also create inflationary pressures that could further reduce the demand.

Gains in real GDP in 2006 were due primarily to the continuing growth in consumer spending and private investment, though at lower rates than that in the previous period. Real consumer spending increased by 3.1 percent between 2005 and 2006, slightly less than the 3.2 percent gain during the previous period.<sup>2</sup> As to the private non-residential investment, it expanded by 6.6 percent after a 7.1 percent increase in 2005. Private residential investment, however, suffered a 4.6 percent decline in 2006 in contrast to the 6.6-percent increase in 2005. From 2005 to 2006, productivity growth slowed from 1.9 percent to 1

percent. In 2006, even with the slightly lower growth rate of real GDP than in 2005, the lower rate of productivity growth resulted in a slightly higher rate of job growth.

In 2006, the region achieved a slightly higher rate of job growth (2.2 percent) than the rest of the state (1.5 percent) and the nation (1.8 percent) (Figure 13). Between 2000 and 2006, the SCAG region performed better every year in job growth rates relative to the rest of the state and the nation (Figure 14). Between 2005 and 2006, the nation added almost 2.5 million jobs and since early 2005 its job base expanded from the pre-recession (2000) level. Total jobs for the rest of California finally expanded from the pre-recession (2000) level during 2006.





**Figure 13**

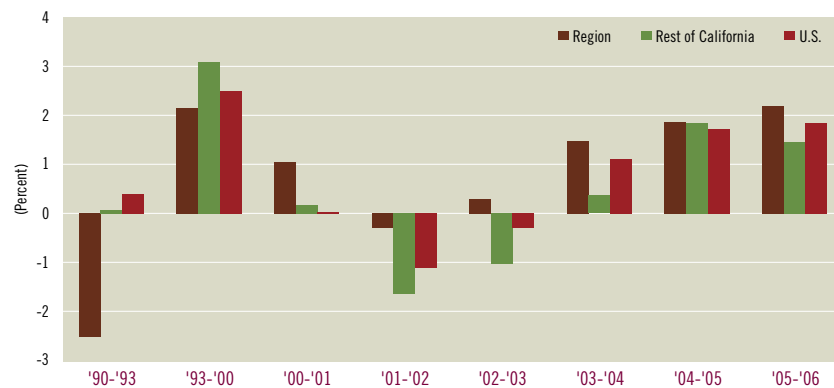
### Wage and Salary Employment (Thousands)

County	'90	'00	'04	'05	'06	'04-'05		'05-'06	
						Number	%	Number	%
Imperial	44.9	50.4	51.3	53.0	56.7	1.7	3.3	3.7	7.0
Los Angeles	4,149.5	4,079.8	4,004.1	4,031.6	4,100.2	27.5	0.7	68.6	1.7
Orange	1,179.0	1,396.5	1,463.4	1,496.5	1,525.5	33.1	2.3	29.0	1.9
Riverside	321.7	466.5	557.4	593.1	624.5	35.7	6.4	31.4	5.3
San Bernardino	413.4	543.6	621.3	647.1	663.9	25.8	4.2	16.8	2.6
Ventura	247.0	294.3	306.9	313.7	320.7	6.8	2.2	7.0	2.2
REGION	6,355.5	6,831.1	7,004.4	7,135.0	7,291.5	130.6	1.9	156.5	2.2
Rest of California	6,507.9	8,065.6	7,895.4	8,040.9	8,158.5	145.5	1.8	117.6	1.5
California	12,863.4	14,896.7	14,899.8	15,175.9	15,450.0	276.1	1.9	274.1	1.8
U.S.	109,403.0	131,785.0	131,435.0	133,703.0	136,174.0	2,268.0	1.7	2,471.0	1.8

Source: California Employment Development Department and Council of Economic Advisers

**Figure 14**

### Employment Change (Annual Average)



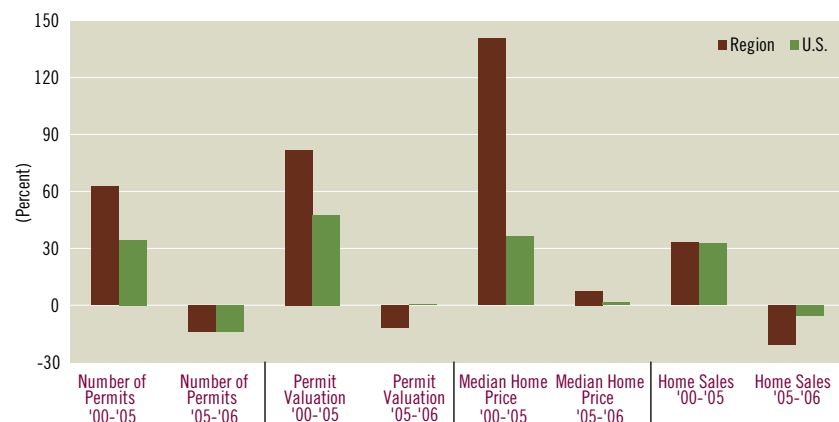
Source: California Employment Development Department and Council of Economic Advisers



All the national trends discussed above also affected the job market in Southern California. In addition, between 2000 and 2005, housing-related sectors contributed much more significantly to the job growth and economic expansion in the SCAG region than in the rest of the nation (Figure 15). Specifically, during this period, the impacts from both housing wealth (due to higher home equity) and housing construction on job growth were disproportionately higher in the region than in the rest of the nation. However, between 2005 and 2006, housing sector slowed significantly at the regional and national levels. Between 2000 and 2006, Southern California also experienced higher rates of population growth than the rest of the nation, which contributed to job growth in sectors such as retail trade, education and health care.

**Figure 15**

**Building Permit and Home Price**  
(Percent Change)



Source: Construction Industry Research Board, Joint Center for Housing Studies of Harvard University, Real Estate Research Council of Southern California, National Association of Realtors, and U.S. Census Bureau

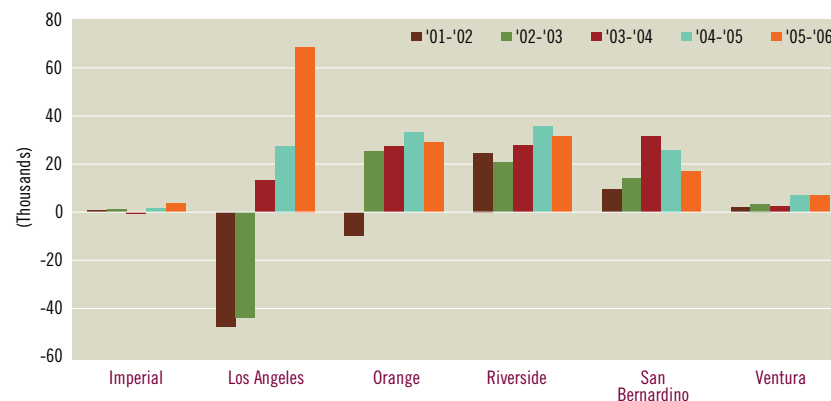
Within the region, every county expanded its payroll jobs in 2006. For the first time during this decade, Los Angeles County became the region's leading job generator in 2006, adding 69,000 jobs (or 1.7 percent growth rate) and accounting for 44 percent of the total job increase in the region. This represented a sharp acceleration from only 28,000 job increase (0.7 percent) in 2005 (Figures 16 and 17). However, total payroll jobs in Los Angeles County in 2006 were still 50,000 below its 1990 level. Job growth was concentrated in the professional and business services, retail trade, logistics, and leisure and hospitality sectors.

Jobs in the Inland Empire (Riverside and San Bernardino counties) increased by 48,000 (or 3.9 percent) in 2006, noticeably less than the 62,000 job increase (5.2 percent) during the previous period. Riverside County, adding 31,400 jobs in 2006, continued to achieve a phenomenal growth of 5.3 percent though somewhat lower than the 6.4 percent growth in 2005. Job gains in Riverside County were concentrated

in professional and business services, construction, leisure and hospitality and logistics. San Bernardino County, however, saw its job growth slowing significantly from 4.2 percent in 2005 to only 2.6 percent in 2006 with 17,000 new jobs concentrated in logistics, professional and business services and retail trade.

**Figure 16**

**Employment Change by County**  
(Thousands of Jobs)



Source: California Employment Development Department and Council of Economic Advisers

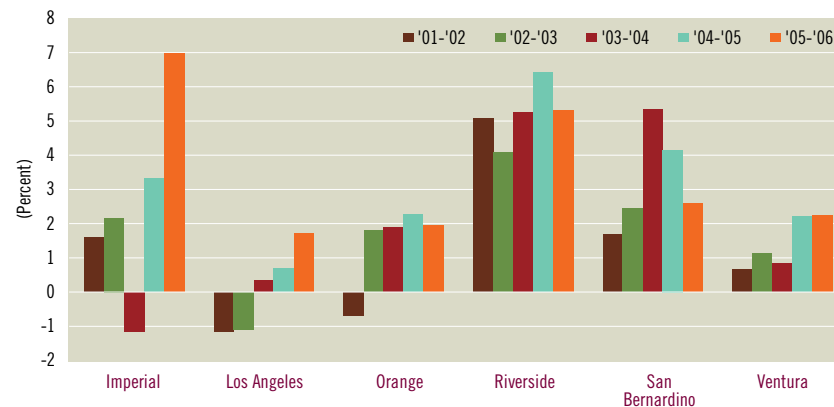
In Orange County, after gaining 33,000 jobs (or 2.3 percent) in 2005, total payroll job growth slowed slightly to 29,000 (or 1.9 percent) in 2006. Between 2001 and 2004, financial activities were the top new job generator in Orange County each year. However, from 2005 to 2006, there was almost no job increase in the financial activities sector. Professional and business services sector was the top job generator in the county, adding more than 10,000 new jobs in 2006.

In Ventura County, total payroll jobs added almost 7,000 (2.2 percent) in 2006, similar to the performance during the previous period. Finally, Imperial County's payroll jobs increased by 3,700 (7 percent) in 2006,

a major improvement from the 3.3 percent increase in the previous period. Job growth took place primarily in the agricultural, government, and professional and business services sectors.

**Figure 17**

### Employment Change by County (Percent)



Source: California Employment Development Department and Council of Economic Advisers



## Employment by Sector

### Why is this important?

Different economic sectors have different levels of wages as well as future growth potential in employment and income. Composition of occupations also varies among the different economic sectors. A more diversified regional economy will be less vulnerable to turbulent environments, such as recessions or disasters.

### How are we doing?<sup>3</sup>

Between 2000 and 2006, total payroll jobs in the region increased from 6.8 million to 7.3 million. Among the sectors, professional and business services was the largest generating more than 1 million jobs.

*In 2006, all of the region's twelve major economic sectors achieved job increases with the exception of manufacturing that experienced a very slight loss (Figure 18). The top five job generators in 2006 included professional and business services, construction, leisure and hospitality, retail trade and logistics.*

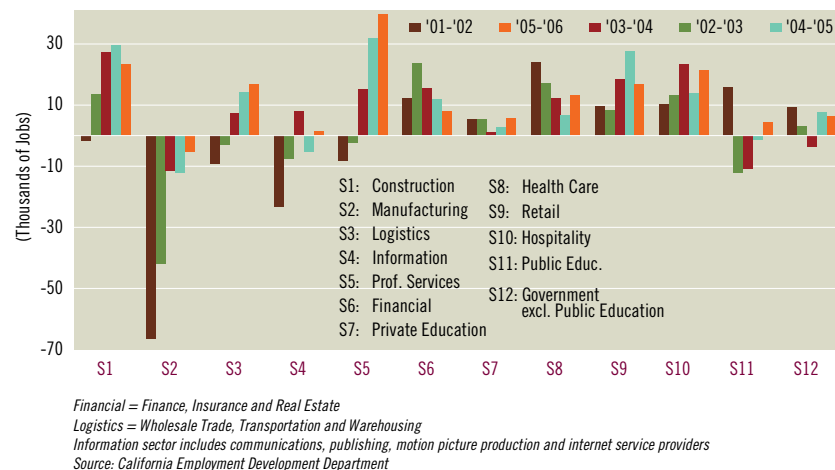
The professional and business services sector includes, for example, administrative support, legal, accounting, architecture, engineering, advertising and consulting services. It was the top job producer in 2006, increasing almost 40,000 jobs (3.9 percent). This more than doubled the gains of 15,000 jobs (1.6 percent) in 2004, after two consecutive years of combined losses of 10,000. About a third of the job gains in this sector were in employment services.

The construction sector added another 23,000 jobs in 2006, much lower than the average increase of 30,000 during the previous two years. Only 27 percent of the increase in 2006 took place in the Inland Empire compared to 40 percent in 2005. The rate of growth of almost 6 percent, though less than the 7.4 percent growth in 2005,

was still the highest among the twelve sectors followed by the professional and business services (3.9 percent), and leisure and hospitality (3.1 percent).

**Figure 18**

**Employment Change by Selected Sectors, (2001-2006)**



After increasing 14,000 (2 percent) in 2005, the leisure and hospitality sector added another 21,500 (3.1 percent) jobs in 2006. Retail trade increased by more than 17,000 jobs (2.2 percent) in 2006, less than the average gains of 23,000 during the previous two years. As the housing market cooled down, gains in retail trade employment were reduced as related to furniture, building materials and garden equipment supplies. Retail trade is primarily a population-serving sector. With an increase of about 2 million residents since 2000, retail trade has been growing steadily throughout the recession and recovery.

The logistics sector includes transportation, warehousing and wholesale trade that have particularly strong ties to the region's international



trade activities. Transportation and warehousing includes truck, rail and air transportation, couriers and messengers, support services for transportation, and warehousing and storage. In 2006, the logistics sector provided about 620,000 jobs, or one in twelve jobs in the region. Among the total logistics jobs in the state, more than 54 percent were in Southern California. In 2006, the logistics sector added almost 17,000 jobs (2.8 percent), continuing to expand at a faster pace after its recovery in 2004.

Financial activities sector added only 8,000 jobs (or 1.8 percent) in 2006, moderating continuously from the gains of 24,000 (5.8 percent) in 2003 and 12,000 (2.7 percent) in 2005. Specifically, job growth in financial activities sector in Orange County almost stopped in 2006 after consecutive increases of an average of 7,500 per year since 2000. Growth in the financial activities sector also slowed in the Inland Empire counties, reducing its rate of growth from 7.1 percent to

5.9 percent from 2005 to 2006. These counties tend to be tied more closely to the housing market (than Los Angeles County) that continued to cool down in 2006.

Job gains in the health care sector reached 13,000 in 2006, doubling the amount in the previous period. Much of the gains experienced in 2006 were in outpatient health care service employment. Job growth in the government sector (excluding education) slowed somewhat from 7,680 to 6,500.

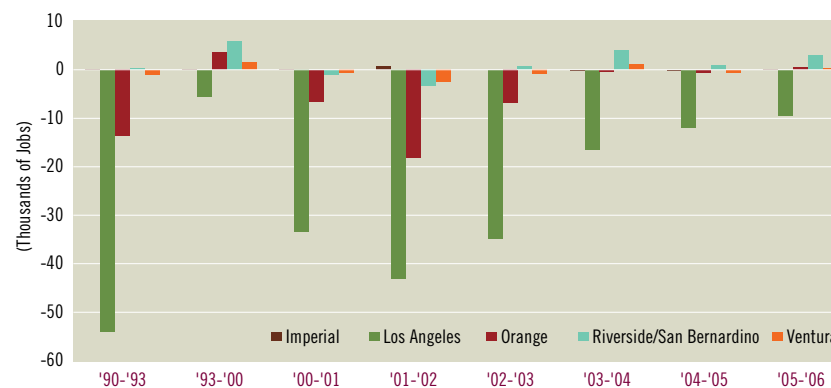
The two sectors that shifted from job losses to gains from 2005 to 2006 were the information and public education. After losing 5,400 jobs (2 percent) in 2005, the information sector gained 1,600 jobs (0.6 percent) in 2006. The public education sector also turned a loss of 1,280 jobs in 2005 to a gain of 4,300 in 2006.

### Manufacturing Sector

Between 2000 and 2003, manufacturing employment at the national level dropped from 17.2 to 14.3 million, a loss of almost 3 million jobs. Between 2003 and 2006, it only lost 165,000 jobs. In the SCAG region, it has lost more than 330,000 manufacturing jobs since 1990, most of them (280,000) in durable manufacturing. Between 1990 and 1993, the manufacturing sector in Southern California lost an average of 56,000 jobs per year (Figure 19). After some recovery from 1994 to 1998, it began to decline again. Since 2004, losses in manufacturing began to stabilize. In 2006, the region lost 5,400 (0.7 percent) manufacturing jobs, the lowest loss since 1998. It should be noted that in 2006, the region continued to be the largest manufacturing center in the nation followed by Chicago and Detroit.

**Figure 19**

### Manufacturing Employment Change (Annual Average)



Source: California Employment Development Department

## Unemployment

### Why is this important?

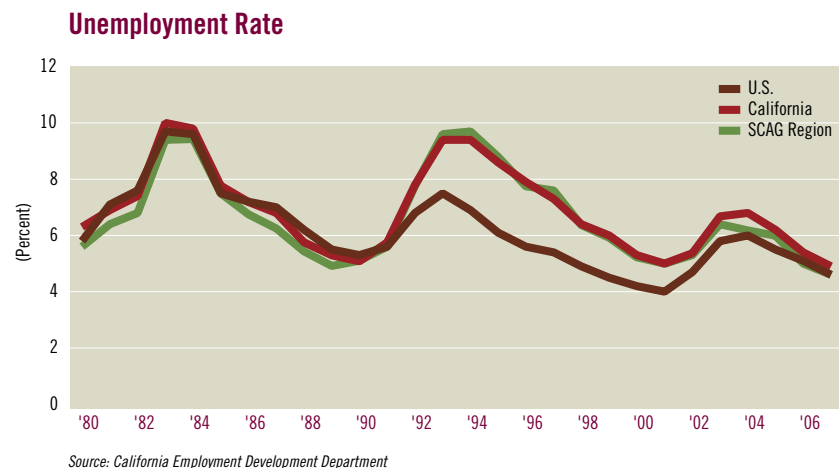
Unemployment significantly impacts the economic and social well-being of individuals and families. Groups with higher unemployment rates will naturally have higher poverty rates. Places with higher unemployment rates require higher levels of public assistance.

### How are we doing?

*In 2006, the region achieved its lowest unemployment rate (4.6 percent) since 1980. Equally important, the region finally closed its unemployment rate gap with respect to the national average. During the 1990s, unemployment rates in the region were much higher than that in the nation. From 2005 to 2006, the unemployment rate in the region declined further from 5 percent to 4.6 percent. During the same period, the unemployment rate fell from 5.1 to 4.6 percent nationally, while it decreased from 5.4 to 4.9 percent in the state (Figure 20).*



**Figure 20**

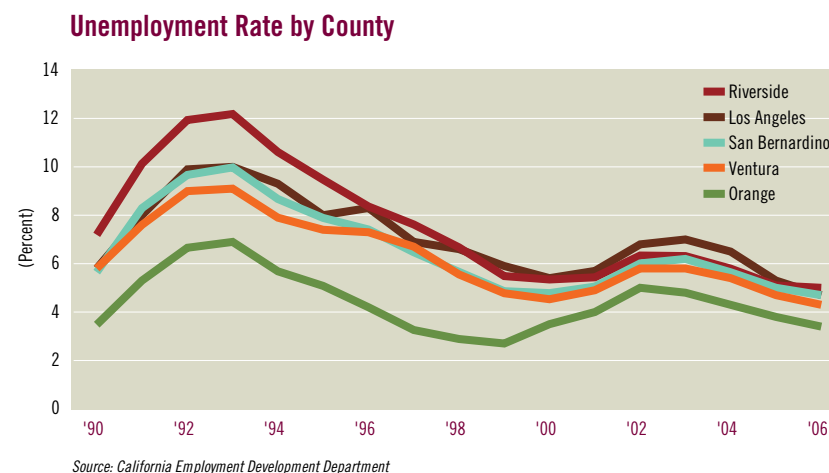


In 2006, unemployment rate declined in every county in the region. Notably, the unemployment rate in Los Angeles County dropped from 5.3 to 4.7 percent (Figure 21). Unemployment rates in the Inland Empire changed little particularly in Riverside County, from 5.1 to 5 percent. Imperial County has historically experienced much higher unemployment



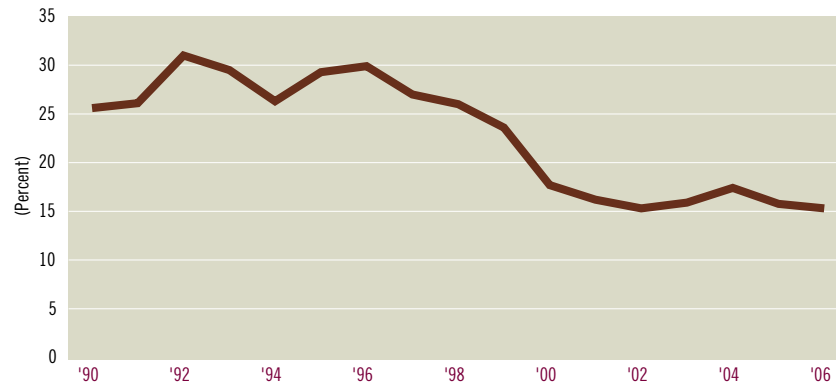
rates than the rest of the region (Figure 22). In 2006, its unemployment rate at 15.3 percent represented an improvement from the 17.4 percent just two years ago. At 3.4 percent, Orange County continued to have the lowest unemployment rate in the region in 2006 and one of the lowest in the nation. Ventura County's unemployment rate at 4.3 percent was the second lowest in the region.

**Figure 21**



**Figure 22**

**Unemployment Rate - Imperial County**



Source: California Employment Development Department

**Average Wage per Job**

**Why is this important?**

The average wage per job provides an indication of the overall quality of jobs available in the region. Higher average wage per job contributes to higher per capita income.

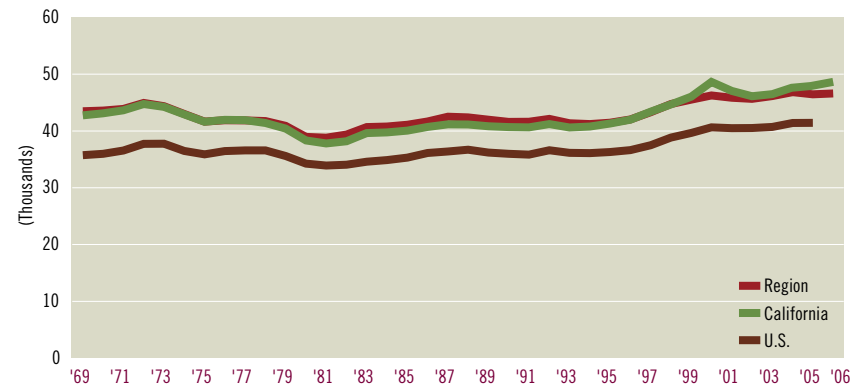
**How are we doing?**

Based on preliminary data, the real average wage per job (after adjusting for inflation) in the region was \$46,414 in 2006, an increase of 0.31 percent from 2005 (Figure 23).<sup>4</sup> The information sector continued to have the highest average wage per job (\$78,420) followed by financial activities (\$73,780), while the leisure and hospitality sector had the lowest average wage per job (\$24,690) followed by retail trade (\$29,580).

**Figure 23**

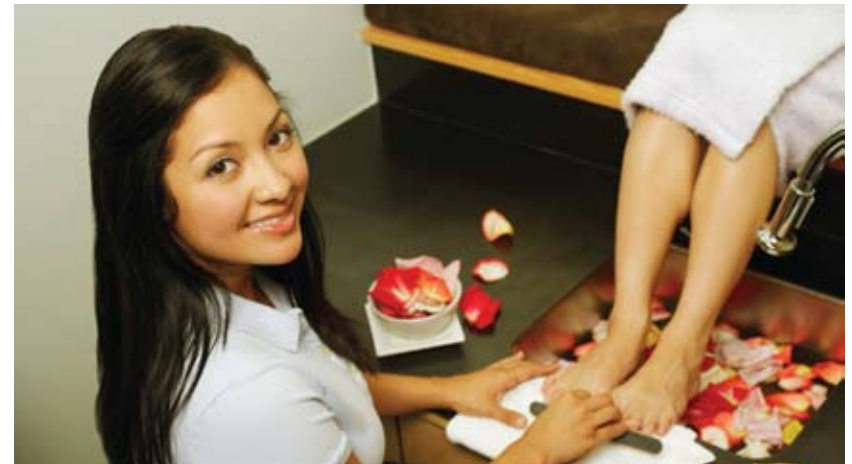
**Real Average Wage Per Job**

(2006 Dollars)



\* U.S. Data is not available for 2006  
Source: U.S. Bureau of Economic Analysis

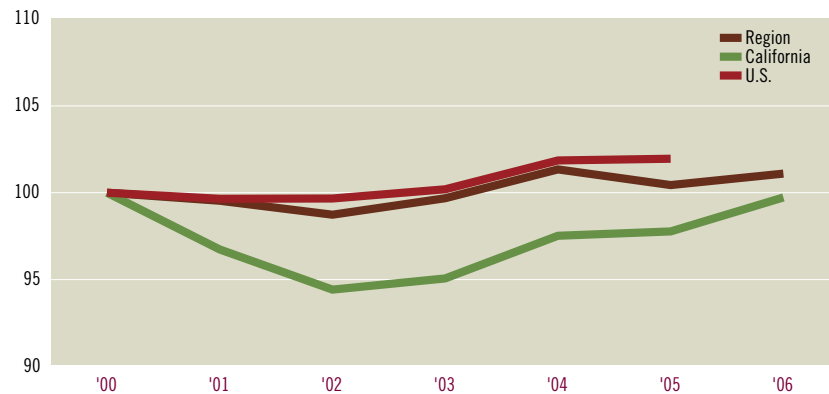
Between 2000 and 2006, real average wage per job was somewhat stagnant at the national, state and regional levels. In 2006, the real average wage per job in the region was only slightly above its 2000 level (Figure 24).





**Figure 24**

**Growth of Real Average Wage Per Job**  
(2000 as the Base Year=100)

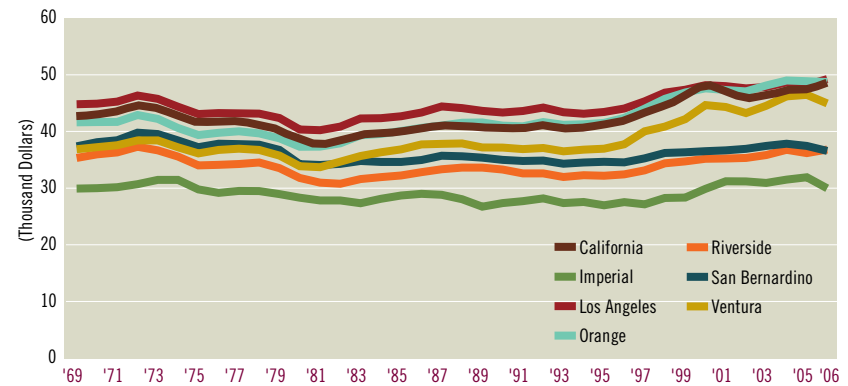


\*U.S. Data is not available for 2006  
Source: U.S. Bureau of Economic Analysis and California Economic Development Department

Within the region, Ventura and Orange counties accomplished the most improvements in their real average wages per job between 1969 and 2006, increasing by 23 and 18 percent respectively. During the same period, the real average wages per job in Riverside and San Bernardino counties remained almost unchanged. In 2005, Orange County had the highest average wage per job while Imperial had the lowest (Figure 25).

**Figure 25**

**Real Average Wage Per Job**  
(2006 Dollars)



Source: U.S. Bureau of Economic Analysis and Employment Development Department Quarterly Census of Employment and Wages

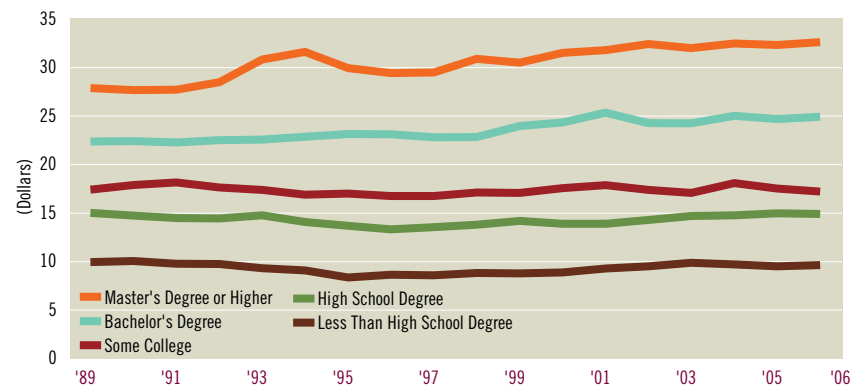
Based on statewide data, median hourly wage has been closely correlated with the worker's educational attainment. Since 1989, only



workers with at least a bachelor's degree have been able to achieve steady increases in their median hourly wages (Figure 26). In 2006, the median hourly wages for workers without a bachelor's degree remained essentially the same as their respective 1989 levels.<sup>5</sup>

**Figure 26**

**California Median Hourly Wage by Educational Attainment**  
(2006 Dollars)



Source: California Budget Project Analysis of Current Population Survey Data

In 2005 (the most current year where comparative data for metropolitan regions are available), the SCAG region ranked last in average wage per job at about \$44,277 among the 9 largest metropolitan regions (see Figure 123 page 146). The San Francisco Bay Area managed to achieve the highest increase (2.7 percent) in 2005, and continued to have the highest average wage per job at approximately \$58,800 in 2005, followed by the New York region at about \$56,000.

In 2005, only five of the nine metropolitan regions achieved higher real average payrolls per job than their respective 2000 levels (see Figure 124 page 146). Between 2000 and 2005, the Washington D.C. region achieved the best performance with an almost 6 percent increase, followed by the Chicago and Philadelphia regions. The SCAG region had

an average performance with only a 0.4 percent increase. During this period, the San Francisco Bay Area lost the most ground with its 2005 income dropping 6 percent below its 2000 level.

Prior to 1990, the SCAG region maintained an average wage per job almost the same as the average of the 17 largest metropolitan regions (Figure 27). Between 1990 and 2000, it declined relative to the average of the 17 largest metropolitan regions from about 100 percent to 89 percent. During the recent recession (particularly between 2000 and 2003), several of the largest metropolitan regions, including San Francisco Bay Area, New York and Boston, suffered much larger losses in average wage per job than the SCAG region. Hence, from 2000 to 2005, the average wage per job in the SCAG region relative to the average of the 17 largest metropolitan regions improved somewhat from about 89 percent to 92 percent.

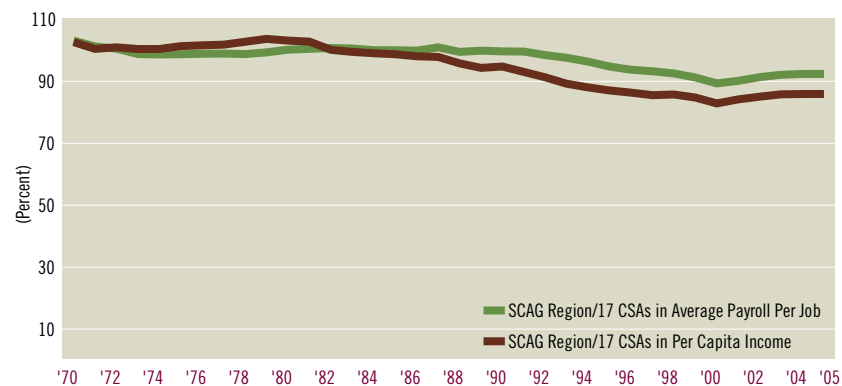




**Figure 27**

### SCAG Region vs. 17 Largest Metropolitan Regions

(Average Payroll Per Job and Per Capita Personal Income)



*\* Defined as the CSAs (Combined Statistical Areas)  
Source: U.S. Bureau of Economic Analysis*

## Income

### Why is this important?

Real personal income per capita (with inflation adjustment) is one of the most important indicators of economic well-being. An increase in real per capita income is generally associated with improving social and economic indicators such as reduced poverty and an increase in educational attainment. Median household income reflects the well-being of households that are in the median position – their incomes are higher than half of the total households but lower than the other half. Total personal income provides an indication of an area's consumption capacity as well as the strength of its economy.

### How are we doing?

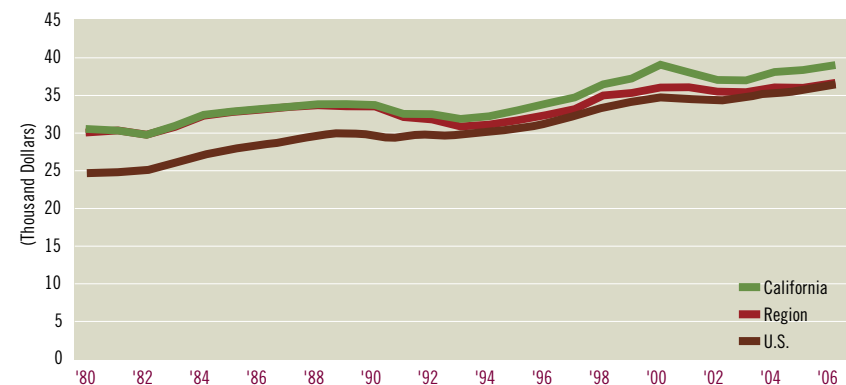
Since 1992, per capita income in the region has been tracking closely that of the nation (Figure 28). In 2006, due to continued economic



recovery and expansion, real personal income per capita in the region increased by 1.3 percent to reach \$36,614, while it also increased for the nation (1.9 percent to reach \$36,276) as well as the state (1.5 percent to reach \$38,956) (Figure 29). The increases were generally parallel with the improvements in the job market.

**Figure 28**

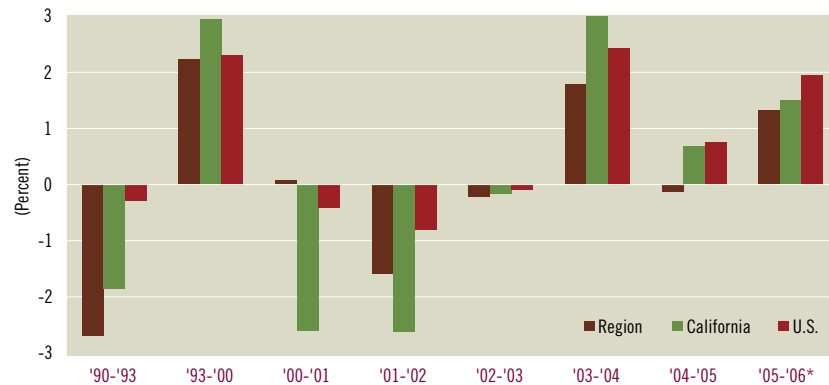
### Real Personal Income Per Capita (2006 Dollars)



*Source: U.S. Bureau of Economic Analysis*

**Figure 29**

**Growth of Real Personal Income Per Capita**  
(Annual Average)



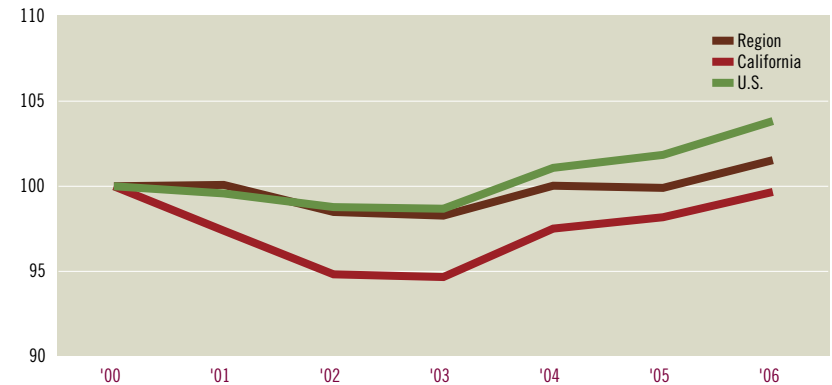
\*Data for 2006 are preliminary  
Source: U.S. Bureau of Economic Analysis

Despite the gains in 2006, real per capita income increased only 1.5 percent in the region between 2000 and 2006 due to the consecutive declines in 2002 and 2003 (Figure 30). In 2006, real per capita income for the state was the same as its 2000 level.



**Figure 30**

**Growth of Real Personal Income Per Capita**  
(2000 as the Base Year = 100)



\*Data for 2006 are preliminary  
Source: U.S. Bureau of Economic Analysis

Among the 17 largest metropolitan regions in the nation, the SCAG region ranked 16th in terms of per capita income in 2005 just ahead of the Atlanta region (see Figure 125 page 147). Over the past three decades, the SCAG region's per capita income ranking dropped from the 4th highest in 1970 to 7th highest in 1990 and 16th place in 2000. Since 1982, the SCAG region's per capita personal income has been below the average of the 17 largest metropolitan regions, and the gap had widened until 2000. In 2005, per capita personal income in the SCAG region was 86 percent of the average of the 17 largest metropolitan regions, improving noticeably from the lowest level of 83 percent in 2000 (see Figure 27 page 36).

In 2005, only two of the nine metropolitan regions achieved higher real per capita income than their respective 2000 levels (see Figure 126 page 147). Between 2000 and 2005, the Washington D.C. region achieved the best performance with an almost 5 percent increase, followed by the Philadelphia region with a 3 percent improvement. The

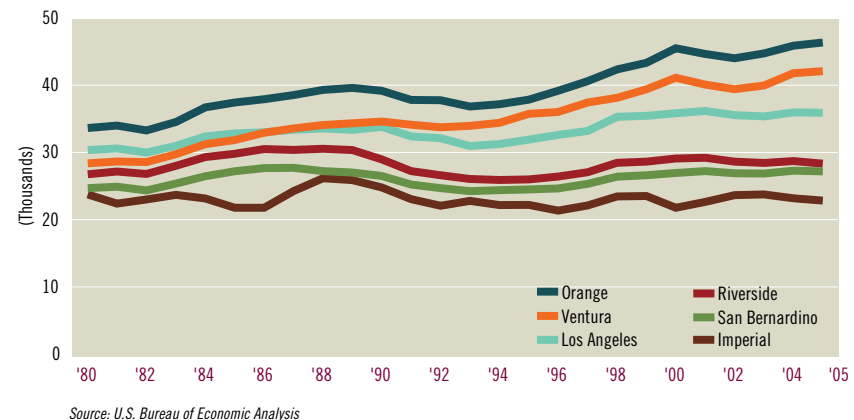
SCAG region had an average performance in 2005 just below its 2000 level. During this period, the San Francisco Bay Area lost the most ground with only 94 percent of its 2000 level in 2005.

From 2004 to 2005, real personal income per capita changed slightly in Orange and Imperial counties while it stayed almost the same in the remaining four counties in the region (Figure 31). Per capita income in Imperial County declined by 1.5 percent in 2005 while it increased by 1.1 percent in Orange County. In 2005, the real per capita incomes in Imperial and Riverside counties were still lower than their respective 1990 levels. In the region, Orange County continued to have the highest per capita personal income (\$44,453) in 2005 while Imperial County had the lowest (\$21,899).



**Figure 31**

### Real Personal Income Per Capita by County (2006 Dollars)



### Total Personal Income

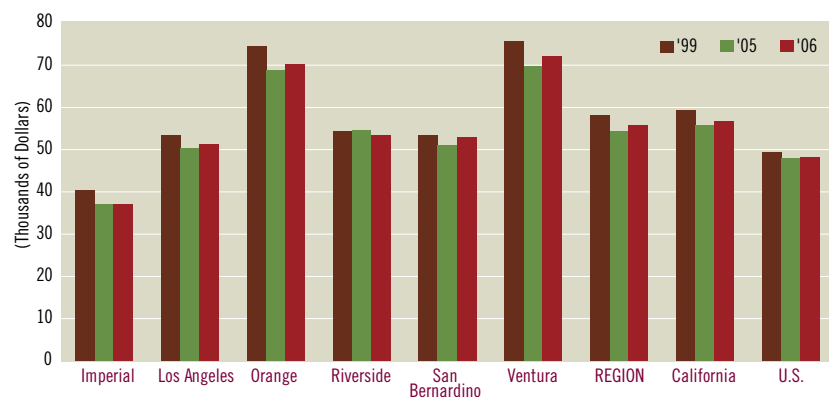
Between 2000 and 2005, the SCAG region performed at a better level in its growth of total personal income than the per capita personal income. During this period, SCAG region's share of the total personal income in the nation increased by 0.22 percent, following the Washington D.C area (0.24 percent). Among the nine largest metropolitan regions in the nation, five experienced declining shares during the five year period (see Figure 127 page 148). The San Francisco Bay Area suffered the worse performance with a sharp decrease of almost 0.5 percent in its share, while the New York region experienced a decline of 0.41 percent. However, during the 1990s, the SCAG region suffered the largest loss in its national share of 0.76 percent while the San Francisco Bay Area attained the largest gain of 0.62 percent. Among the large metropolitan regions, because the SCAG region generally had one of the highest population growth rates, it would generally rank lower when comparing based on per capita instead of total personal income.

## Household Income and Earnings

Household income includes income from all sources for all members of the household. Nationally, real median household income at \$48,201 in 2006 was slightly higher (0.7 percent) than the 2005 level at \$47,845.<sup>6</sup> In California, real median household income in 2006 at \$56,645 was 1.7 percent higher than the previous year. In 2006, real median household income in the region at \$55,678 represented a 2.6 percent increase from 2005. Nevertheless, it was 4 percent below the 1999 level. Between 1999 and 2006, real median household income declined in every county within the region, as well as at the state and national levels (Figure 32). During the 1990s, real median household income in the region also declined slightly contrary to the national trend.<sup>7</sup>

**Figure 32**

### Median Household Income (2006 Dollars)



Source: U.S. Census Bureau, Current Population Survey (for U.S. only), 2000 Census, 2005 and 2006 American Community Survey

Within the household income, earnings from work represent the largest component. Earnings are the sum of wage and salary income and self-employment income. The 2006 American Community Survey (ACS) showed that 82 percent of aggregate household income came from



earnings, however, earnings trends do not necessarily follow the income trends. In the region, while median household income in 2006 rose by 2.6 percent, the real median earnings of men and women who worked full-time, year-round declined by 4 percent and 3 percent, respectively.

## Income Inequality

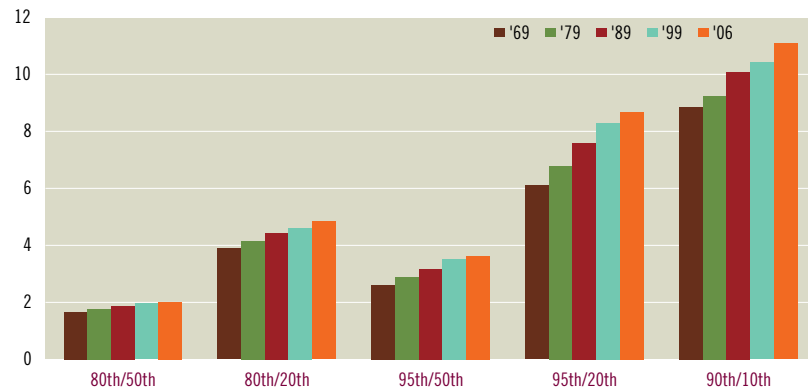
One way to measure income inequality is through the household income ratios among households at different percentiles. For example, the income level for the 90th percentile indicates how the highest income group fared in a given year while the 10th percentile indicates the lowest income group. The 90th percentile is the level of income for a given area that 90 percent of households are beneath. The 10th percentile is the level of income that 10 percent of households are beneath. At the national level, income inequality has been increasing steadily since 1969 (Figure 33). Between 1979 and 1999, the SCAG region generally had a slightly higher income inequality than the nation when comparing household income ratios.<sup>8</sup> In 2006, income inequality at the national level continued to widen. For example, the very rich households (90th percentile) in 2006 had an income just over 11 times



that of the income for the very poor households (10th percentile), an increase from just over 10 times in 1995.<sup>9</sup>

**Figure 33**

### Household Income Ratios, U.S.



Source: U.S. Census Bureau, Current Population Reports

## Poverty

### Why is this important?

The poverty rate measures the proportion of a population that has an income below the poverty line and therefore lacks the economic resources needed to support a minimum acceptable standard of living. The poverty line is adjusted for family size. Poverty not only results in current economic hardship, but also limits an individual's and family's future development opportunities. A higher poverty rate is both a cause, as well as an outcome, of lower educational attainment and higher unemployment rates. The extent of poverty also reflects the need for various kinds of public assistance. Poverty among children is of particular concern. Poverty in childhood is associated with a higher risk for dropping out of school, poor health, teenage pregnancy and a long-term economic disadvantage as adults.

### How are we doing?

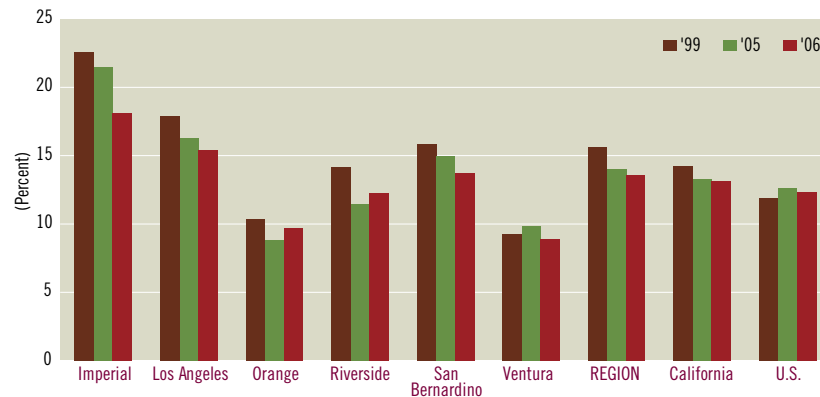
In 2006, a family of four (including two children) earning less than \$20,444 a year was classified as living in poverty, compared with \$15,769 for a family of three with one child; \$13,500 for a household of two with no children; and \$10,488 for unrelated individuals.<sup>10</sup> Between 2005 and 2006, the poverty rate for all people lowered slightly at the national, state and regional level. Nationally, the poverty rate of 12.3 percent in 2006 was slightly down from 12.6 percent in 2005. In California, the poverty rate for all people at 13.2 percent in 2005, a slight decrease from 13.3 percent in 2005.

*In the SCAG region, 13.6 percent of residents lived in poverty in 2006, a slight reduction from 2005 (14 percent) though continuing to be slightly higher than that of the state (13.2 percent) and the nation (13.3 percent) (Figure 34). In addition, 19.2 percent of children under 18 were below the poverty line in 2006, a slight decline from 2005 (19.7 percent) (Figure 35). The poverty rate was highest for female-headed households with children under 18 years old (32 percent), and lowest for married couple families (6.7 percent).<sup>11</sup> In 2006, Orange County continued to maintain the lowest poverty rate for all residents within the region of 9.7 percent while Imperial County experienced the highest at 18 percent.*



**Figure 34**

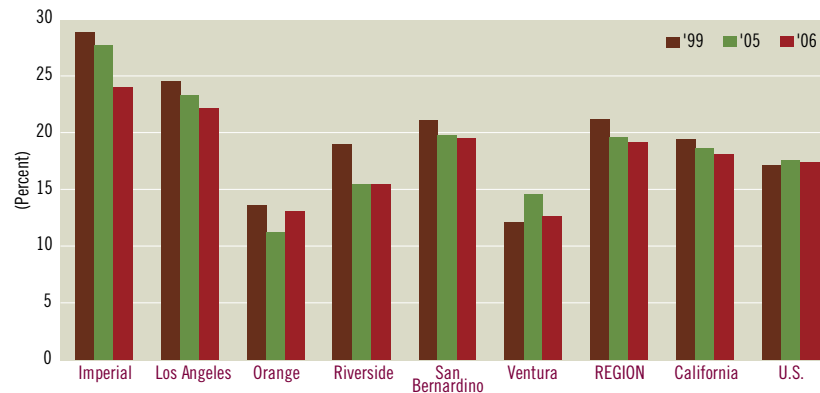
**Persons Living in Poverty**



Source: U.S. Census Bureau, Current Population Survey (for U.S. only), 2000 Census, 2005 and 2006 American Community Survey

**Figure 35**

**Children Under 18 Living in Poverty**



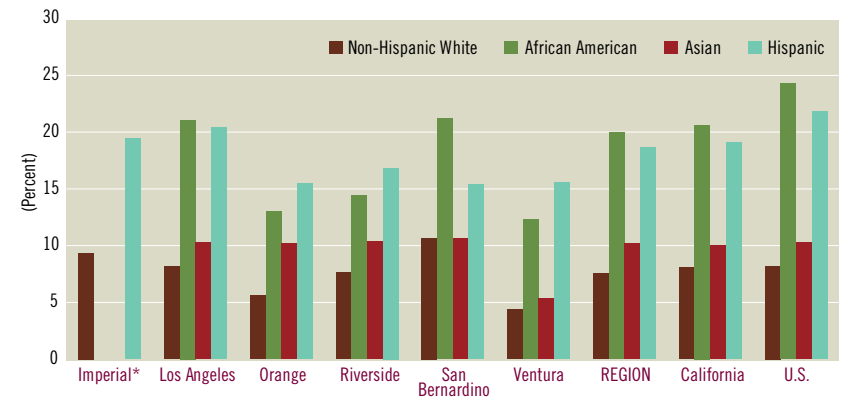
Source: U.S. Census Bureau, Current Population Survey (for U.S. only), 2000 Census, 2005 and 2006 American Community Survey

Within the region, African American and Hispanic residents experienced significantly higher poverty rates than their non-Hispanic White and Asian counterparts. Specifically, 20 and 19 percent of African

American and Hispanic residents respectively lived in poverty in 2006 compared to only 10 percent of Asian and less than 8 percent of non-Hispanic white residents (Figure 36).

**Figure 36**

**Persons Living in Poverty by Race/Ethnicity, 2006**



\*Data for African American and Asian is not available for Imperial County

Source: U.S. Census Bureau, Current Population Survey (for U.S. only) and 2006 American Community Survey

In 2006, the SCAG region continued to have the highest poverty rate (13.6 percent) for all people among the nine largest metropolitan regions in the nation followed by the Detroit region (13.1 percent), while the Washington D.C. region achieved the lowest poverty rate of only 7.7 percent (see Figure 128 page 148).

## Taxable Sales

### Why is this important?

Taxable sales provide important revenue sources for state and local governments and special districts. While employment and income are measures on the production side, taxable sales measures the level of

consumption activities. Taxable sales tend to follow closely with trends in personal income, job market and consumer confidence.

### How are we doing?

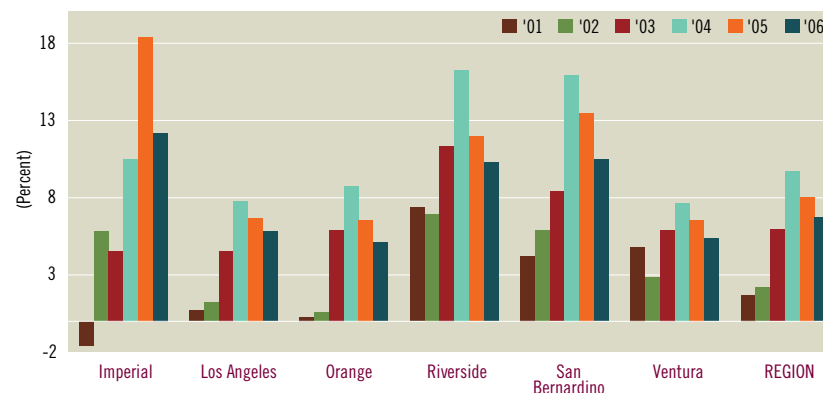
In 2006, total taxable sales in the region were estimated to increase by about 6.7 percent from 2005, slowing down from the 8 percent growth between 2004 and 2005 (Figure 37).<sup>12</sup> Nevertheless, the 6.7 percent rate of growth was still somewhat higher than the average (6 percent) during the past ten years.

From 2000 to 2002, total taxable sales in the region increased by only about 2 percent per year. The wealth effects due to significant increases in home equity, particularly during 2003 and 2004, contributed to the accelerated growth in taxable sales. During these two years, total taxable sales in the region grew 2 to 3 percent above the growth rate of its total personal income. The three inland counties within the region, supported by faster population growth, all achieved more than 10 percent growth in their taxable sales in 2006, almost doubling the corresponding rates for the three coastal counties. Imperial County (12.5 percent) had the

highest rate of growth in taxable sales in 2006 followed by San Bernardino (10.5 percent) and Riverside (10.3 percent) counties.

**Figure 37**

#### Taxable Sales (Change from Previous Year)



\*Change between 2005 and 2006 is based on data for the first two quarters  
Source: California State Board of Equalization

## International Trade

### Why is this important?

International trade includes export and import activities that create job opportunities and bring income into the region. Though exporting goods produced in Southern California generates higher net economic benefits for the region, imports can create economic benefits too. The region's role as a major transshipment center linking domestic and global markets is also of national and international significance.

### How are we doing?

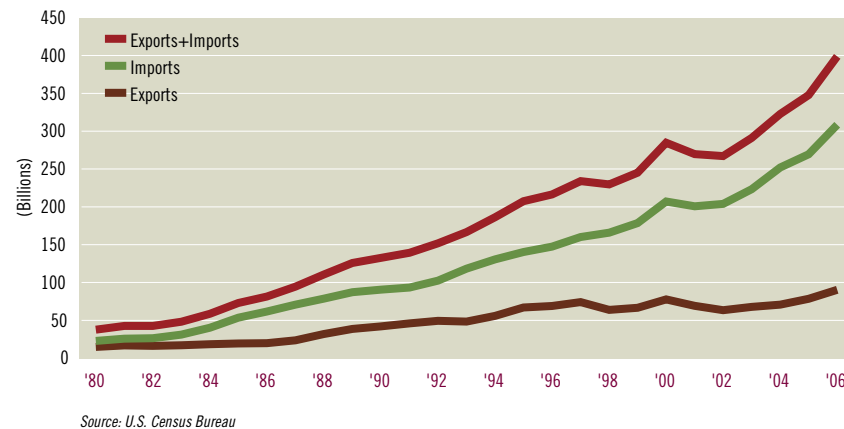
Between 2005 and 2006, total trade through the Los Angeles Customs District (LACD) increased from \$348 billion to \$399 billion (or 15



percent), a new record level. This almost doubled the rate of growth during the previous period (Figure 38). Among the \$51 billion increase, \$39 billion was from imports, and another \$12 billion from exports.

Among the \$399 billion in trade passing through the LACD, imports accounted for 77 percent, exports 23 percent. In 2006, among the \$90 billion exports out of the LACD, 46 percent (\$41 billion) was by air and the rest 54 percent was by sea. Exports by air are generally smaller and higher value goods. On the other hand, among the \$309 billion imports into the LACD, 87 percent were by sea with the other 13 percent by air.

**Figure 38**  
**Exports and Imports - LA Customs District**  
(Current Dollars)



The region's prominence in international trade has been fostered through its large domestic market, global ties through its growing Asian and Hispanic communities, strategic location, and excellent trade infrastructure serving the rest of the nation. Total trade through the LACD increased from less than \$40 billion in 1980 to \$399 billion in 2006. The region's direct employment in international trade also increased

from about 175,000 in 1980 to 485,000 in 2006, which represents an increase of 35,000 jobs from 2005.<sup>13</sup> Trade jobs are found in a variety of activities, including vessel operation, cargo handling, surface transportation (truck and rail), trade finance, freight forwarding, custom brokerage, insurance, etc.

Between 1980 and 2006, the share of the LACD's trade value of the U.S. total grew from about 8 percent to its peak of 16 percent in 1993 and then began declining to 13.8 percent in 2006. The share of the LACD's export of the U.S. total was just below 9 percent in 2006 while its share of imports was close to 17 percent (Figure 39). In 2006, the LACD retained the number one ranking in the U.S in terms of total trade value, followed by the New York (\$295 billion) and Detroit (\$238 billion) customs districts.

**Figure 39**  
**Exports and Imports - LA Customs District**  
(Percent of U.S.)

